

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 SSO-00 NSCE-00 INRE-00

FEA-02 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-03 COME-00

DODE-00 FPC-01 H-03 INR-11 INT-08 L-03 NSAE-00 NSC-07

OMB-01 PM-07 RSC-01 SAM-01 SCI-06 SP-03 SS-20 STR-08

TRSE-00 FRB-03 AF-10 ARA-16 NEA-14 DRC-01 PA-04 PRS-01

USIE-00 OIC-04 /219 W

----- 063067

O R 071420Z SEP 74

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 1954

AMEMBASSY COPENHAGEN

AMEMBASSY LONDON

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

AMEMBASSY BONN

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

AMEMBASSY BERN

AMEMBASSY PARIS

AMEMBASSY MADRID

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

AMEMBASSY CANBERRA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L SECTION 1 OF 2 BRUSSELS 6853

E.O. 11652: GDS

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TAGS: ENRG

SUBJECT: ECG WORKING PARTY MEETING - SEPTEMBER 3-7, 1974

1. THE ENERGY COORDINATING GROUP (ECG) WORKING PARTY COMPLETED WORK ON A DRAFT TEXT OF THE IEP AND KEY PARAGRAPHS OF A DRAFT OECD RESOLUTION DURING ITS SEPTEMBER 3-7 MEETING IN BRUSSELS. THESE DOCUMENTS TOGETHER WITH A COVERING REPORT BY THE WORKING PARTY CHAIRMAN WILL BE AVAILABLE IN ECG CAPITALS EARLY IN THE WEEK OF SEPTEMBER 8 AND WILL BE CONSIDERED AT THE ECG MEETING SEPTEMBER 19-20.

2. MAJOR UNRESOLVED ISSUES AT THE END OF THE MEETING INCLUDED:

A) THE FORM OF AGREEMENT. CHAIRMAN'S REPORT TO ECG WILL BE ACCOMPANIED BY CLEAR DRAFT OF LEGALLY BINDING INTERGOVERNMENTAL AGREEMENT WHICH WOULD BE SIGNED AT ONCE TOGETHER WITH A DESCRIPTION OF AN OECD COUNCIL DECISION PLACING NEW AGENCY WITHIN OECD, BUT WILL NOTE THAT OTHER ALTERNATIVES HAVE BEEN STRONGLY URGED BY VARIOUS DELEGATIONS, TO WIT:

(1) DELAY OF SIGNING UNTIL AFTER CONSIDERATION BY OECD COUNCIL (FRG).

(2) PROMPT SIGNATURE OF MEMORANDUM OF UNDERSTANDING WHICH WOULD BE MORAL AND POLITICAL UNDERTAKING BUT NOT LEGALLY BINDING UNDER INTERNATIONAL LAW (U.K., CANADA, IRELAND).

(3) NO INTERGOVERNMENTAL UNDERTAKING BUT ONLY OECD DECISION IN SUBSTANTIVE TERMS AND STRUCTURAL TERMS AGREED IN ECG (JAPAN).

(4) HYBRID PROPOSED BY JAPANESE UNDER WHICH ALL COUNTRIES WOULD SIGN AND BE PROVISIONALLY BOUND BY INTERGOVERNMENTAL AGREEMENT, WHICH AFTER OECD DECISION WOULD CEASE TO APPLY LEAVING COUNTRIES BOUND ONLY BY OECD DECISION.

B) VOTING PROCEDURES - THE CRITERIA FOR INITIAL CONFIDENTIAL

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WEIGHTING OF MEMBER VOTES HAS NOT BEEN NAILED DOWN. THERE IS ALSO SOME DISAGREEMENT ON THE APPROPRIATE VOTING MAJORITY LEVELS FOR VARIOUS DECISIONS TO BE TAKEN UNDER THE AGREEMENT.

C) TRIGGER LEVELS - THERE WAS ONLY LIMITED DISCUSSION OF THIS ISSUE IN THE PLENARY AND IT WAS AGREED THIS CLEARLY A MATTER FOR ECG ITSELF TO RESOLVE. IT WAS CLEAR

FROM BILATERAL CONVERSATIONS THAT THE REGIONAL APPROACH TO TRIGGER ACTIVATION PROVISIONALLY AGREED AT JULY 29-31 ECG MEETING IS UNACCEPTABLE TO SEVERAL DELEGATIONS, AND WE CAN ANTICIPATE ADDITIONAL DISCUSSION OF THIS ISSUE AT SEPTEMBER 19-20 ECG.

3. IN ADDITION TO ABOVE MAJOR ISSUES THERE WERE NUMEROUS NATIONAL RESERVATIONS. SOME OF THESE ARE SUBSTANTIVE POINTS BUT MOST ARE OF A TECHNICAL NATURE AND SHOULD BE LIFTED WITHOUT DIFFICULTY AT NEXT ECG MEETING, PARTICULARLY ONCE MAJOR ISSUES DESCRIBED ABOVE ARE RESOLVED.

4. KEY U.S. PROBLEM AREAS ON WHICH WE HAVE RESERVED OUR POSITIONS INCLUDED:

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PM-07 SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03

FEA-02 SSO-00 INRE-00 NSCE-00 DRC-01 PA-04 PRS-01

USIE-00 OIC-04 /219 W

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O R 071420Z SEP 74

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 1955

AMEMBASSY COPENHAGEN

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A) THIRD LEVEL OF DEMAND RESTRAINT - SOME
DELEGATES FAVORED QUALIFIED MAJORITY RATHER THAN
UNANIMOUS VOTE ON DEMAND RESTRAINT MEASURES AT THIS LEVEL.

B) EXPANSION OF MEMBERSHIP - DESPITE OUR RESERVE,
U.S. DELEGATION MADE CLEAR WE WOULD NOT OPPOSE
ACCESSION OF ANY OECD COUNTRY PREPARED TO ASSUME FULL
OBLIGATIONS OF IEP.

C) FINANCING KEY - THERE IS SPLIT BETWEEN THOSE
WHO WANT TO KEY FINANCING TO WEIGHTED VOTING FORMULATION
AND THOSE WHO FAVOR FINANCING KEY MODELLED ON THAT OF
OECD (WHICH WOULD LIMIT U.S. CONTRIBUTION TO 25 PERCENT).

5. THERE APPEARS TO BE FULL SUPPORT AMONG ALL ECG
COUNTRIES, EXCEPT NORWAY AND POSSIBLY CANADA, TO CONCLUDE
IEP PROMPTLY. HOWEVER, WE SHOULD ANTICIPATE LENGTHY AND
PROBABLY DIFFICULT NEGOTIATIONS ON VOTING AND POSSIBLY
TRIGGER LEVELS AT SEPTEMBER 19-20 MEETING.

6. AS REPORTED PREVIOUSLY, NORWAY HAS NOT YET REACHED
GOVERNMENTAL DECISION ON IEP PARTICIPATION. NORWEGIAN
DELEGATE MADE GENERAL STATEMENT OF RESERVATION AT
BEGINNING OF WORKING GROUP AND THEN REMAINED ALMOST SILENT
THROUGHOUT MEETINGS. ON POINTS OF PARTICULAR INTEREST TO
NORWAY, NORWEGIAN DELEGATE SIMPLY TOOK NOTE OF DECISIONS
BY WORKING GROUP BUT HAS NOT IN ANY WAY BEEN OBSTRUCTIVE.
NORWEGIAN DELEGATE HAS TOLD US PRIVATELY HE BELIEVES
DRAFT MEETS MANY OF NORWAY'S TECHNICAL POINTS BUT OVERALL
POLITICAL ISSUE (AUTOMATICITY, ETC.) CLEARLY REMAINS.

7. CANADA HAS ALSO TAKEN GENERAL RESERVE BUT
DELEGATE STATED THIS DUE AT LEAST IN FIRST INSTANCE
TO ABSENCE OF HIGH-LEVEL GOC REVIEW OF DANISH DRAFT

BEFORE WORKING GROUP CONVENED. CANADIANS HAVE SAID, HOWEVER, THAT THEY BELIEVE CANADA WILL HAVE TROUBLE WITH OVERALL COMPLEXITY AND FIRMNESS OF COMMITMENTS IN DRAFT AGREEMENT. CANADIANS MUCH PREFER LOOSER AND LESS DETAILED UNDERTAKING WHICH WOULD NOT ENTAIL BINDING LEGAL COMMITMENTS WHICH WOULD GET INTO DIFFICULT AREAS OF FEDERAL/PROVINCIAL RELATIONS. CANADIAN DELEGATE
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ALSO EXPRESSED PERSONAL VIEW THAT FINAL CANADIAN DECISION WILL BE STRONGLY INFLUENCED BY FRENCH DECISION ON PARTICIPATION AND OUTCOME OF EFFORT TO PLACE IEP WITHIN OECD FRAMEWORK.

8. JAPANESE DELEGATION CONTINUED TO PRESS HARD FOR A FORMULATION OF DRAFT OECD COUNCIL DECISION ESTABLISHING NEW ENERGY AGENCY WHICH WOULD ENABLE JAPAN TO PARTICIPATE IN IEP SOLELY ON BASIS OF ITS MEMBERSHIP IN OECD WITH NO NEED FOR REFERENCE TO DIET. PROBLEM HERE IS EXTENT TO WHICH JAPAN WOULD THEN BE LEGALLY BOUND BY OECD DECISION AND POSSIBILITY THAT OTHER COUNTRIES, WHICH CLEARLY ARE NOT BOUND BY OECD DIVISION ABSENT PARLIMENTARY APPROVAL, WOULD ALSO TAKE ADVANTAGE OF THIS OPTION, THUS DILUTING OVERALL LEGALLY BINDING EFFECT OF IEP. JAPANESE DID SHOW SOME TENTATIVE FLEXIBILITY ON THIS ISSUE AT CLOSE OF MEETING AND JAPANESE HAVE STRESSED TO US BILATERALLY THEIR STRONG SUPPORT FOR IEP. NEVERTHELESS, THEY CAN BE EXPECTED TO PRESS HARD FOR THEIR OECD OPTION AT SEPTEMBER 19-20 MEETING.

9. UK POSITION THROUGHOUT WORKING GROUP REFLECTED BOTH THEIR GENERAL SUPPORT OF EMERGENCY PROGRAM AND STRONG DESIRE TO WATER DOWN CONTENT OF ALL OTHER AREAS OF COORDINATION OF ENERGY POLICY, I.E., LONG-TERM COOPERATION, ROLE OF COMPANIES, ETC. OVERALL, BRITISH ROLE WAS NOT VERY CONSTRUCTIVE. IT WAS ONLY UNDER STRONG BILATERAL URGING FROM US THAT BRITISH AGREED NOT TO TAKE GENERAL RESERVE ON ALL THREE CHAPTERS DEALING WITH LONG-TERM COOPERATION, COMPANY INFORMATION SYSTEM AND FRAMEWORK FOR CONSULTATIONS WITH COMPANIES. WE STRESSED THAT OTHER COUNTRIES WOULD VIEW SUCH GENERAL RESERVATION AS UK EFFORT TO RENEGE ON PREVIOUS AGREEMENTS REACHED IN ECG AND COULD SERIOUSLY PREJUDICE ECG AGREEMENT ON EMERGENCY PROGRAMS. BRITISH HAVE NUMEROUS RESERVES ON SPECIFIC POINTS BUT MOST OF THESE ARE TECHNICAL POINTS AND UK DELEGATION TELLS US MOST SHOULD BE RESOLVED BEFORE NEXT ECG.

10. GERMAN, DANISH, DUTCH, ITALIAN, AND BELGIAN DELEGATIONS PLAYED ACTIVE AND GENERALLY CONSTRUCTIVE

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ROLE DURING DISCUSSIONS. THEY FIRMLY SUPPORT ALL ELEMENTS
OF NEW PROGRAM. WHILE THEIR MOST IMMEDIATE INTEREST
IS IN EMERGENCY MEASURES, THEY ALL GAVE STRONG
SUPPORT FOR SPECIFIC COMMITMENT TO DEVELOPMENT OF
COMPREHENSIVE LONG-TERM COOPERATION EFFORT TO
REDUCE DEPENDENCY ON IMPORTED OIL, A FRAMEWORK FOR
WHICH IS IN DRAFT TO BE CONSIDERED AT SEPTEMBER 19-20
MEETING. FIRESTONE

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